



**STATEMENT REGARDING**  
***Senate Bill 432: An Act Concerning A Review of Tax Credits***

**Finance, Revenue and Bonding Committee**  
**March 22<sup>nd</sup>, 2010**

The MetroHartford Alliance is Hartford's Chamber of Commerce and the region's economic development leader. Our investors include businesses of all sizes, health care providers, institutions of higher education, and 32 municipalities. The Alliance's mission is to ensure that the Hartford Region competes aggressively and successfully for jobs, talent and capital so that it thrives as one of the country's premier places for all people to live, work, play, and raise a family.

Last spring, the *Wall Street Journal* reported that other states are publicly encouraging business development and relocation. Proposals included tax breaks, such as job creation tax credits in Colorado and tax cuts to businesses in Minnesota, and the establishment of financial incentives such as funds for job training or credit lines for small businesses. Other states are considering instituting loan funds for entrepreneurs and phasing out corporate income taxes entirely.

At a time when other states are endorsing this type of forward-thinking approach and even our federal government is taking steps to stimulate the economy and create jobs, we need to consider this an opportunity to reverse our dismal ranking as one of the most expensive states in the nation to do business. Any steps we can take to become more competitive are even more critical at this time of economic uncertainty. Maintaining predictability and stability in our tax structure is one way to attract employers and create new job opportunities.

Senate Bill 432 implements the recommendations of the Program Review and Investigations study regarding a review of the state's tax credits and the elimination or modification of certain less used credits. We support this type of review and reporting requirements as set forth in the bill. The PRI report indicates that we should "align incentives with state goals." If it is the goal of the state to create jobs, then we should continue credits (and exemptions) that have consistently been proven to incent business development, and we should explore refining those that already exist but may not be reaching their full potential.

For example, the report cites the Job Creation Tax Credit as underutilized given many incorporated businesses' inability to benefit as it currently does not apply to the personal income tax. Only six credits have been issued since 2006, a statistic supporting the need to modify this credit to make it more useful to employers, particularly smaller businesses, who create jobs in our state. We also strongly support the Research and Development (R&D) tax credit, as well as Urban Reinvestment credits and would support the creation of an angel investor credit program in our state. The R&D credit is vital to an innovative economy, which the report cites as critical to future economic growth. We are currently faced with significant job losses in industries that we have long depended on for economic stability. It is imperative that we respond creatively, investing in innovative research to attract new investment and develop career alternatives.

We ask you to work with us to help Connecticut stand out as a premier place to do business and create jobs by supporting Senate Bill 432.